

Indiana Commerce Connector

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On Nov. 9, 2006, Governor Mitch Daniels proposed the construction of the Indiana Commerce Connector (ICC), an outerbelt tollway that would link six interstates through Hendricks, Morgan, Johnson, Shelby, Hancock and Madison counties.

The Indiana Commerce Connector will attract new economic opportunities across the state

- The ICC provides a critical link between commerce hubs and our state's highways and transportation facilities
- In the last two years, 80% of new investments attracted by the Indiana Economic Development Corporation (IEDC) are located in counties with interstate access. Four times as many new IEDC projects were located in counties with interstate access than in counties without access.
- The top 15 Indiana business development projects in 2005 and 2006 totaled nearly \$5.8 billion. Communities within 20 miles of an interstate-quality highway will receive \$5 billion of that new business investment
- Between 1974 and 2004, the increase in per capita personal income of Hoosiers living in counties with interstate-quality facilities was 20 percent higher than their fellow citizens in counties without these roads
- Of the 20 Indiana counties averaging \$30,000 or more in annual per capita personal income, all but three have at access to at least one interstate-quality highway

The Indiana Commerce Connector improves safety for motorists

- Interstate-quality highways employ the highest engineering standards of any road and achieve the lowest fatality rates
- Two-lane rural roads have fatality rates more than double those of interstates
- The ICC will draw truck traffic off local roads and two-lane highways, making those roads safer for passenger vehicles

The Indiana Commerce Connector supports a toll-free I-69 from Evansville to Indianapolis

- Thanks to \$700 million from Governor Daniels' Major Moves transportation program, construction will begin near Evansville in 2008 to build a toll-free I-69 to Crane Naval Surface Warfare Center
- A private investor's concession fee for the right to design, build, manage and operate the ICC, would allow us to finish the remaining construction of I-69. A public-private partnership for the ICC will allow construction of I-69 without raising taxes or making it a toll road
- Governor Daniels informed the Federal Highway Administration that Indiana is proceeding with the non-toll route for I-69 approved in 2004

Indiana retains ownership

- If the Indiana General Assembly transfers P3 authority from I-69 to the ICC and passes legislation enabling INDOT to pursue public-private partnerships (P3) the ICC will be financed, designed, built and maintained with private funds, not tax dollars, and operated under contract as a toll road
- The ICC will be a public asset owned by the State of Indiana
- The ICC must be maintained to state and federal standards
- The state will be responsible for establishing and approving the toll rate structure

Studies and planning are now underway

- A team of state and local officials, community leaders, and transportation, environmental, and engineering experts will begin studying the various aspects of developing, building, and operating this highway
- Governor Daniels and local community leaders will work with Democrat and Republican lawmakers to pass enabling legislation for P3 projects to be explored by the marketplace
- In a series of public meetings, INDOT officials are meeting with citizens in each of the counties where the ICC will be located to seek input on all aspects of the highway so that it meets the needs of individual communities
- Assuming a favorable outcome of the necessary studies, legislative cooperation, and a solid bid to finance, design, build, manage and operate the ICC, the highway can be completed and open to traffic within 10 years

Frequently Asked Questions

What is the Indiana Commerce Connector?

The Indiana Commerce Connector would be a 75-80 mile outer loop around the Northeast, East, and South sides of Indianapolis. This tolled highway would run from I-69 near Pendleton, past Greenfield, Shelbyville, Franklin, Martinsville, and terminate west of the Indianapolis International Airport. It would intersect with I-70, I-74, I-65, I-69, and other major state highways. The Indiana Commerce Connector will be a public asset owned by the State of Indiana.

Why is it called the Indiana Commerce Connector?

Tens of thousands of new jobs and hundreds of new plants and facilities are coming to Indiana. Our state is becoming a key global transportation hub. Indiana is expected to see considerable growth in the amount of people and products utilizing our transportation network. The Indiana Commerce Connector provides a key link between our state's highways and transportation facilities and commerce hubs.

How much would it cost to build the Indiana Commerce Connector?

Early estimates from INDOT suggest it could cost between \$1 billion and \$1.5 billion in today's dollars. However, since this highway would only be built through a public-private partnership, the winning management company would shoulder the cost of building, maintaining, and managing the highway. Governor Daniels is directing INDOT to immediately initiate a comprehensive study to determine the project's exact cost, the location of the road, and an estimate of the highway's value. The study will take approximately two years to complete.

How will the Indiana Commerce Connector be funded?

Governor Daniels will ask the Indiana General Assembly to transfer tolling authority currently authorized through a public-private partnership (P3) from the I-69 (Evansville to Indianapolis) project to the Indiana Commerce Connector. After INDOT completes its study, the agency would solicit bids from companies to design, build, maintain and operate the highway as a toll road using private money. Without the General Assembly transferring tolling authority from I-69 to the Indiana Commerce Connector, the highway cannot be built.

How much money will Indiana receive for the right to build and manage the Indiana Commerce Connector?

Preliminarily, INDOT believes the value of the Indiana Commerce Connector would not only be enough to pay for the Connector, but would generate additional proceeds to help finish the critical I-69 project. INDOT's study will provide a better indication of the value of the highway. That study will take approximately two years to complete and will be shared with elected leaders and Hoosiers.

When will construction start on the Indiana Commerce Connector and when will it be completed?

Assuming P3 tolling authority is transferred from I-69 to the Indiana Commerce Connector; the highway location and environmental studies are completed on schedule; and a sound bid is received to design, build and manage the highway – construction could start within six years. Individual segments of the highway will be opened as construction concludes. The entire Indiana Commerce Connector is expected to be open to traffic approximately 10 years later.

How much will it cost to drive on the Indiana Commerce Connector?

It is too early to know what toll rates will be established. A comprehensive toll and revenue analysis will be done to determine the details. The State would be responsible for establishing and approving the toll rates. It is important to remember the private management company that would build and manage the Indiana Commerce Connector would have to price tolls competitively and provide value in order to attract motorists.

Would the Indiana Commerce Connector reduce traffic and save the state highway construction money in other places?

INDOT believes construction of the Indiana Commerce Connector would attract through traffic from I-465 and other thoroughfares around Indianapolis thereby reducing congestion. This traffic reduction could save the state hundreds of millions of dollars by reducing the need for added lanes and upgrades at various points around I-465 and other Central Indiana highways.

Why is I-69, between Evansville and Indianapolis, so important?

The highway will provide the opportunity for economic development to an area that lags behind the state and nation in job creation and personal income. When companies look to expand or relocate their operations, a key determining factor is the area's access to interstates. Also, an interstate highway will increase safety and reduce travel times. The need for a connection between the state's third largest city and the state capital was first identified in the early 1940s.

With the announcement that it will be a free highway, how will construction be financed?

The Indiana Department of Transportation (INDOT) has dedicated \$700 million in Major Moves funds to begin construction of I-69, approximately one-third of the project's total cost. INDOT estimates these funds will build the highway from Evansville to Crane Naval Surface Warfare Center. If private investors pay a concession fee for the right to build the Indiana Commerce Connector, that fee could be used to help finish the remaining construction schedule of I-69.

Does the federal lawsuit by I-69 opponents impact the start of construction?

INDOT is continuing to move forward with its environmental studies and analysis to determine the exact location of the highway. Construction is expected to begin in the summer of 2008, unless the courts intervene.

When will the project be completed?

The original, earliest completion date was 2035. Using existing Major Moves funding and assuming a strong bid for the Indiana Commerce Connector, I-69 is scheduled for completion in 2018.

What happens to the tolling authority the Indiana General Assembly authorized for I-69?

Governor Daniels will ask the Indiana General Assembly during its 2007 session to transfer P3 tolling authority from I-69 to the Indiana Commerce Connector project. The Indiana Commerce Connector can only be built if P3 tolling authority is granted.

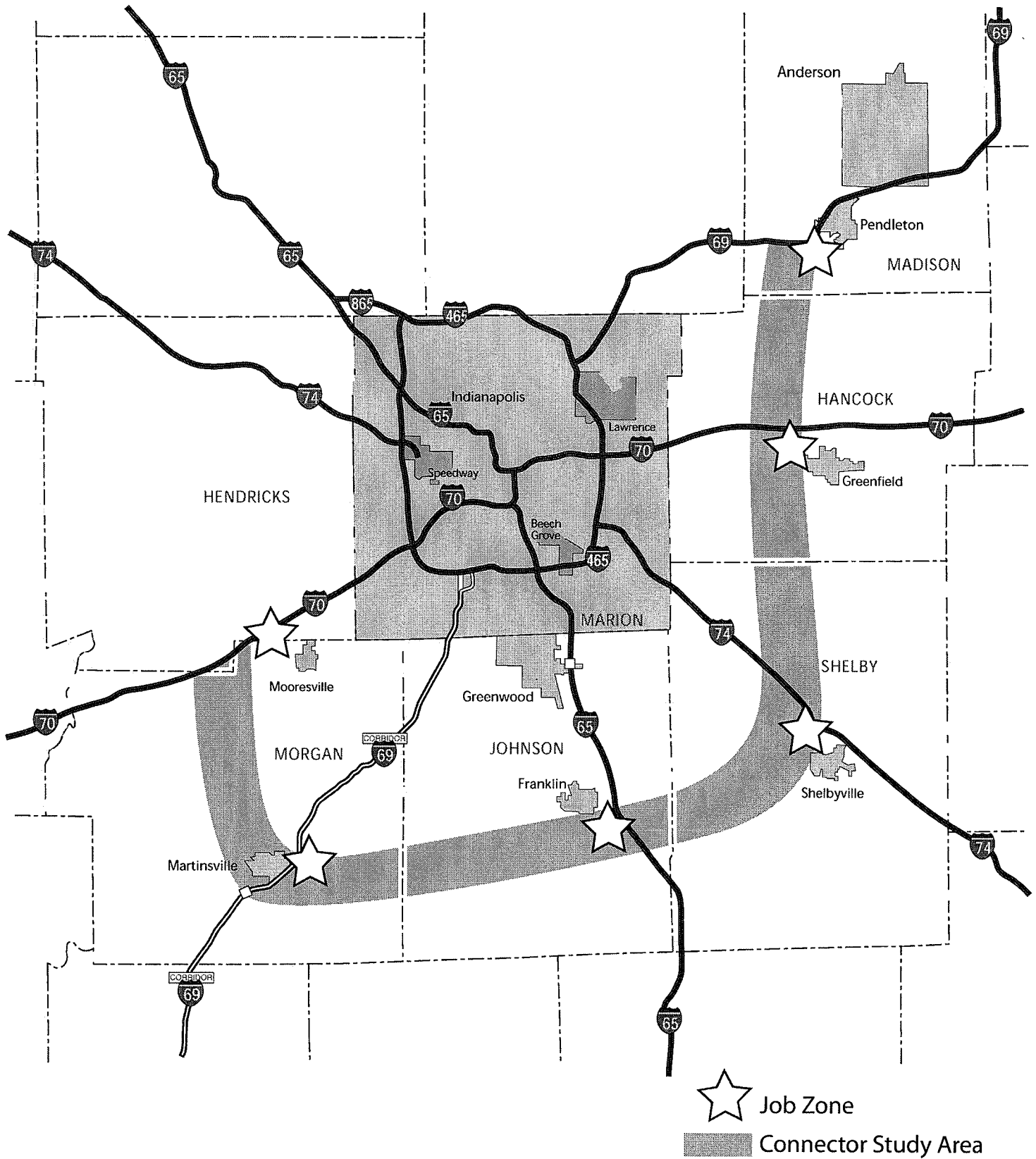
Will I-69 from Martinsville to Indianapolis still be built if the Indiana Commerce Connector is constructed?

Yes. These are two separate projects. The long-range forecasts for development between Indianapolis and Martinsville indicate traffic on the existing State Road 37 will nearly double within the next 25 years under current conditions. Upgrading State Road 37 to a fully access-controlled, interstate facility (I-69) will reduce accidents and congestion and will provide a more efficient link between central and southwest Indiana. In addition, INDOT will continue working with local communities to address their concerns about the impact of I-69 in their area.

Will the Governor now focus more on building the Indiana Commerce Connector than I-69?

No. The Governor is the lead champion for I-69 and the only elected leader who has now suggested two ways to pay for it – neither involving a gas tax increase. In fact, the Governor directed INDOT to inform the federal government that we are moving forward with the toll-free I-69 plan approved in 2004.

Indiana Commerce Connector



Public-Private Partnerships

Public-private partnerships (P3) refer to contractual agreements formed between government and businesses that allow for greater private sector investment in the delivery of transportation projects.

P3 is the future of road building and will become commonplace in the years ahead

- As private entities have greater financial flexibility than government, P3 agreements accelerate road construction and use private resources and personnel in lieu of constrained public resources.
- Governor Daniels has announced he will work with the Indiana General Assembly to pass legislation enabling INDOT to explore P3 agreements for the Indiana Commerce Connector and the Illiana Expressway
- In P3 agreements, private sector funding is used to design, build, finance, maintain and operate a public facility
 - In return for paying to create the road, and also paying a premium above this cost, the company collects tolls on the facility for a designated time period
 - The highway remains a publicly-owned asset, and it must be maintained to state and federal standards
 - State officials monitor the management of the facility and set the parameters for toll increases over the life of the agreement

Tax revenues are not keeping pace with rising transportation costs and demand

- The Federal Highway Trust Fund will be in deficit by 2010
- The last federal fuel tax increase was in 1993
- The last Indiana gasoline tax increase was 3 cents per gallon in 2003, and before that had been unchanged since 1987. Of those 3 cents per gallon, only 1 cent goes directly to the State Highway Fund for preservation and construction.
- If Hoosiers want more jobs and a vibrant economy, we need to look at innovative ways to fund a transportation upgrade.

Indiana is a model and other states are taking notice of our leadership

- Governor Daniels has received national recognition and awards for his leadership and use of public-private partnerships in addressing Indiana's transportation infrastructure needs
- For the Indiana Toll Road P3 agreement, Indiana received \$3.8 billion for a private company to assume operation of the highway
 - The toll road had lost money three out of the past five years, more than \$16 million in 2005 alone
 - In the first six months under new management, the company has initiated several improvement projects, totaling nearly \$300 million, that had been delayed for years by the state because funds were not available
 - The private company is contractually obligated to perform at least \$4 billion in improvements to the Toll Road – in addition to the money the state received for the lease
- The nation is studying Indiana's P3 experience as a prototype for transportation solutions.
 - Chicago, Texas, California and Virginia also have implemented P3 agreements to pay for key road projects
 - Pennsylvania's Democrat governor recently announced the state would solicit expressions of interest from private firms to determine the potential value of the Pennsylvania Turnpike. The state received responses from 48 interested firms, and a bill is pending in the Pennsylvania legislature to enable the state to enter into such agreements.
 - At the end of 2006, 21 states and one U.S. territory had laws providing the legal authority for private sector participation in transportation projects to varying degrees

A High-Quality Transportation Network Drives Indiana's Economy

Expanding Indiana's economy depends on a comprehensive transportation network

- Toyota Motor Manufacturing points to "excellent rail and highway systems" as one of the key reasons they chose Indiana for two manufacturing facilities
- Valeo Sylvania in Seymour; Nestle in Anderson; Pfizer in Terre Haute; Dot Foods in Wayne County; and American Commercial Lines in Jeffersonville are among the many companies adding hundreds of jobs and investing billions of dollars in communities with easy access to interstates
- 80 percent of new business investments secured by the Indiana Economic Development Corporation (IEDC) are located in counties with interstate-quality access
- Four out of five companies selecting sites for new facilities or expanding existing operations chose counties with interstate-quality highways
- Between 1974 and 2004, the increase in per capita personal income of Hoosiers living in counties with interstate-quality facilities was 20 percent higher than their fellow citizens in counties without these roads
- Of the top 25 fastest-growing counties, all but two are served by interstate-quality highways

Traditional highway revenues to build new facilities are dwindling

- Gas tax revenues, the traditional source of highway funding, are not keeping pace with the road construction and maintenance costs
- States are struggling to maintain their existing highways
- The Federal Highway Trust Fund will be in a deficit by 2010
- The federal government and states are searching for new models to fund and maintain highways including the use of public-private partnerships

Indiana leads the nation in solving the transportation funding dilemma

- Thanks to Governor Daniels' Major Moves transportation program, Indiana has the only 10-year, fully-funded highway construction program in the United States
- Indiana is a national model and other states are taking notice of our leadership
- Governor Daniels has received national recognition and awards for his leadership and use of public-private partnerships in addressing Indiana's transportation infrastructure needs
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Public-private partnerships can make new highways a reality

- No taxpayer money is necessary. Private funds pay for the design, construction, maintenance and operation of the highway
- In December, Texas opened a 40-mile segment of the Central Texas Turnpike one year early and \$400 million under budget
- In Virginia, the \$350 million Dulles Greenway cut rush hour travel times to the airport in half
- The \$635 million South Bay Expressway in San Diego is set to open in early 2007. First envisioned in 1959, a lack of funds prevented its construction until this public-private partnership was established
- At the Indiana Toll Road, in the first six months under private management, the company initiated several improvement projects, totaling nearly \$300 million, that had been delayed for years by the state because funds were not available
- Private management of the Indiana Toll Road resulted in Indiana receiving \$3.8 billion for state highway and local road projects. Indiana now has a fully-funded 10-year highway construction plan
- States retain ownership of highways
- Facilities must be maintained to state and federal standards
- Agreements can produce a premium that can be utilized for other unfunded transportation projects